

## **SECTION II.**

### **The Socioeconomy of Indiana**

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## SECTION II.

### Socioeconomic Analysis

#### Demographic and Economic Profile

This section discusses the demographic and economic characteristics of the State of Indiana, including changes in population, household characteristics, income, and employment to set the context for the housing and community development analyses in latter sections of the State of Indiana 2004 Consolidated Plan Update. This section incorporates the most recently released data from the U.S. Census Bureau and State data sources.

#### Population Characteristics

**Overall growth.** The U.S. Census Bureau estimates the State's 2003 population at 6,195,643, up from 6,080,485 in 2000 and 6,156,913 in 2002. Between 2000 and 2003, the State's population increased by 1.7 percent, which was similar to the growth rates of surrounding states. Missouri grew at the highest rate of 1.8 and Ohio grew at the lowest rate of 0.6 percent.

**Components of growth.** According to the Census Bureau, the primary driver of population growth between 2002 and 2003 was natural increase – i.e., births minus deaths – which added 27,045 people to the State during the year. Immigration from foreign countries added 11,147 people to the State, and 1,019 residents moved to Indiana from other states.

The Census Bureau also reports the cumulative estimates of population change between 2000 and 2003. Again the primary population growth was natural increase, through which the State added 96,157 people. Immigration from foreign countries added 21,305 people to the State, and 14,924 residents moved to other states. The following exhibit shows the components of the population change for 2001, 2002 and 2003.

**Exhibit II-1.  
Components of  
Population Change in  
Indiana**

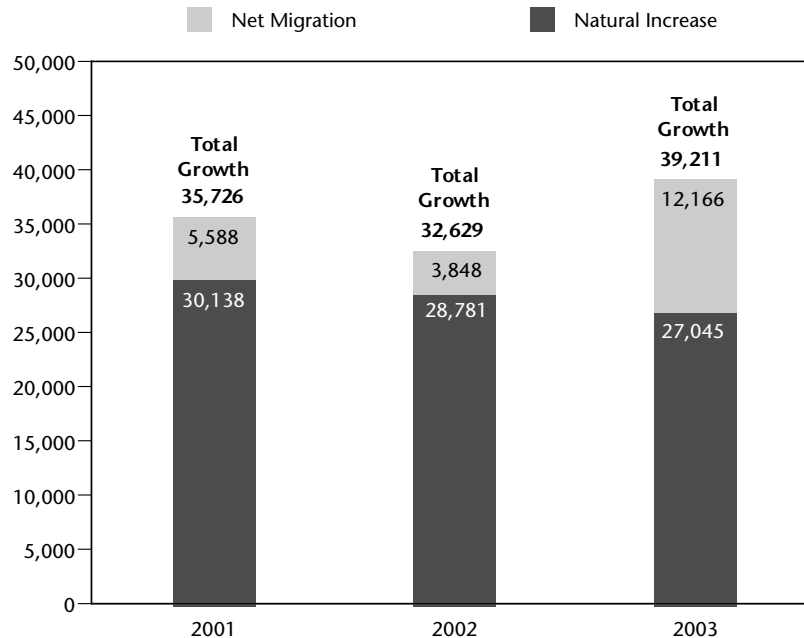
**Note:**

Population changes for each year are from July 1 to July 1 of the next year. The 2000 population change is not included because it is from April 1 to July 1 of 2000.

Natural increase is births minus deaths.

**Source:**

U.S. Census Population Estimates.



**Growth of nonentitlement areas.** As noted in the 2003 update, the nonentitlement areas<sup>1</sup> of the State made up nearly 60 percent of the population in 2000. In July 2003, the Census released the 2002 population estimates: with the addition of Columbus, Michigan City, LaPorte and Hamilton County to the entitlement cities the nonentitlement areas of the State made up 58 percent of the population in 2002, or approximately 3,600,000 persons.

Exhibit II-2, on the following page, shows the population changes of the State's entitlement and nonentitlement areas between 2000 and 2002.

<sup>1</sup> The term "entitlement areas" refers to cities and counties that, because of their size, are able to receive CDBG funding directly. These areas must complete a Consolidated Plan separately from the State's to receive funding. The requirements for receiving HOME, ESG, and HOPWA funds are all slightly different, but are generally based on size and need. For purposes of this report, "nonentitlement" refers to cities and towns that do not file Consolidated Plans individually and are not able to receive funding from the HUD programs directly. The entitlement areas in Indiana include the cities of Anderson, Bloomington, East Chicago, Elkhart, Fort Wayne, Gary, Goshen, Hammond, Indianapolis, Kokomo, Muncie, New Albany, Terre Haute; Lake County; and the consortiums of Tippecanoe (including the cities of Lafayette and West Lafayette) and St. Joseph's County (including the cities of South Bend and Mishawaka). In 2003, Columbus and Michigan City and in 2004 Hamilton County and LaPorte were added to entitlement areas and will no longer be eligible for CDBG funds through the State.

**Exhibit II-2.**  
**2000 to 2002 Population Growth**

	2000		2002		Percent Change 2000 to 2002
	Number	Percent	Number	Percent	
Indiana	6,080,485	100%	6,159,068	100%	1.29%
Non-Entitlement	3,549,859	58%	3,596,928	58%	1.33%
CDBG Entitlement	2,530,626	42%	2,562,140	42%	1.25%
<b>CDBG Entitlement Areas:</b>					
Hamilton County	182,740		205,610		12.52%
Lake County	484,564		487,016		0.51%
East Chicago	32,414		31,731		-2.11%
Gary	102,746		100,945		-1.75%
Hammond	83,048		81,413		-1.97%
Balance of Lake County	266,356		272,927		2.47%
<b>Cities</b>					
Anderson	59,734		58,853		-1.47%
Bloomington	69,291		69,987		1.00%
Columbus	39,059		38,770		-0.74%
Elkhart	51,874		51,782		-0.18%
Evansville	121,582		119,081		-2.06%
Ft. Wayne	205,727		210,070		2.11%
Goshen	29,383		29,683		1.02%
Indianapolis (balance)	781,870		783,612		0.22%
Kokomo	46,113		45,956		-0.34%
LaPorte	21,621		21,293		-1.52%
Lafayette	56,397		60,594		7.44%
Michigan City	32,900		32,564		-1.02%
Mishawaka	46,557		48,264		3.67%
Muncie	67,430		67,195		-0.35%
New Albany	37,603		37,529		-0.20%
South Bend	107,789		106,558		-1.14%
Terre Haute	59,614		58,642		-1.63%
West Lafayette	28,778		29,081		1.05%

Note: Columbus, Michigan City, LaPorte and Hamilton County are included in the 2000 and 2002 entitlement area. The cities of Beech Grove, Lawrence, Speedway, Southport and the part of the Town of Cumberland located within Hancock County are not considered part of the Indianapolis entitlement community. Applicants that serve these areas would be eligible for CHDO Works funding. HOME entitlement areas include: Bloomington, East Chicago, Evansville, Fort Wayne, Gary, Hammond, Indianapolis, Lake County, St. Joseph County Consortium, Terre Haute, Tippecanoe County Consortium

Source: 2000 U.S. Census and Population Division, U.S. Census Bureau.

**Growth by county.** Exhibit II-3 identifies county growth patterns between 2000 and 2002. Counties growing at above-average rates since 2000 are, for the most part, clustered around the State's largest metropolitan areas, while counties with declining population are mostly east of the Indianapolis MSA.

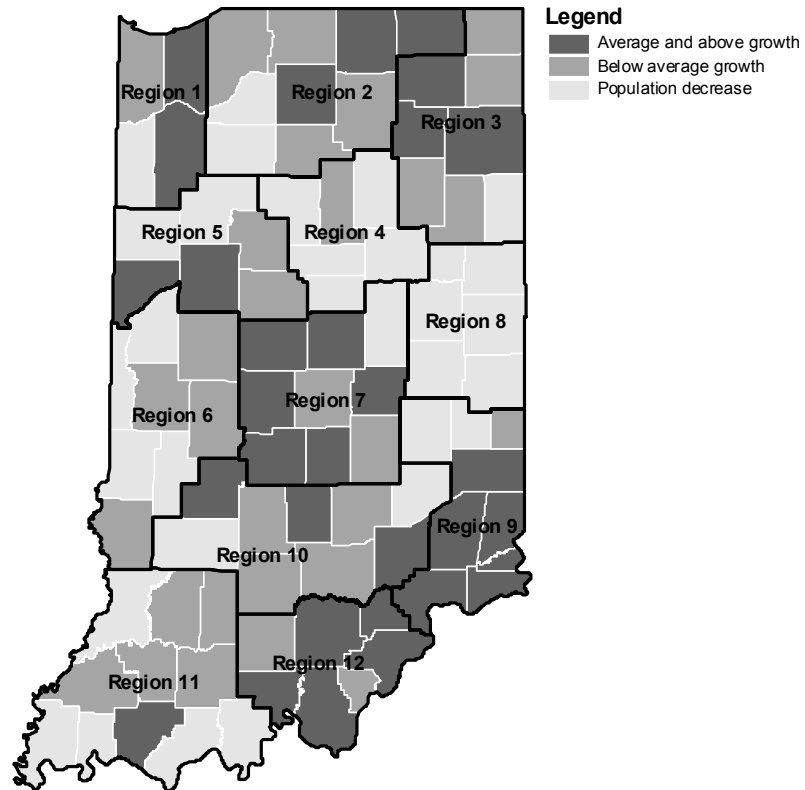
**Exhibit II-3.  
Population Change of  
Indiana Counties, 2000  
to 2002**

Note:

Indiana's population change was 1.29 percent from 2000 to 2002.

Source:

2000 U.S. Census, U.S. Census Population Estimates, 2002, and BBC Research & Consulting.



**Population of Commerce Regions.** In 2002, Commerce Region 7 (which contains Indianapolis) had the largest population of approximately 1,655,000 compared to all 12 commerce regions in the State. Commerce Regions 1 and 2 (located near the Chicago metropolitan area) were next largest. Commerce Region 9 had the smallest population in 2002, with fewer than 200,000 persons.

**Exhibit II-4.  
Population of Indiana  
Commerce Regions, 2002**

Source:

U.S. Census Bureau and Indiana Business Research Center.

	2002	Percent of State
Indiana	6,159,068	100.0%
Region 1	682,594	11.1%
Region 2	777,199	12.6%
Region 3	589,553	9.6%
Region 4	285,167	4.6%
Region 5	249,138	4.0%
Region 6	279,118	4.5%
Region 7	1,655,097	26.9%
Region 8	299,353	4.9%
Region 9	195,377	3.2%
Region 10	404,133	6.6%
Region 11	455,803	7.4%
Region 12	286,536	4.7%

Exhibits II-5 and II-6 below shows the percent change in population by Commerce Regions between 2000 and 2002. Four commerce regions were above the State growth. Commerce Region 7, which includes the Indianapolis MSA, population grew by three percent between 2000 and 2002. Five of the 12 regions grew at below average rates and three lost population.

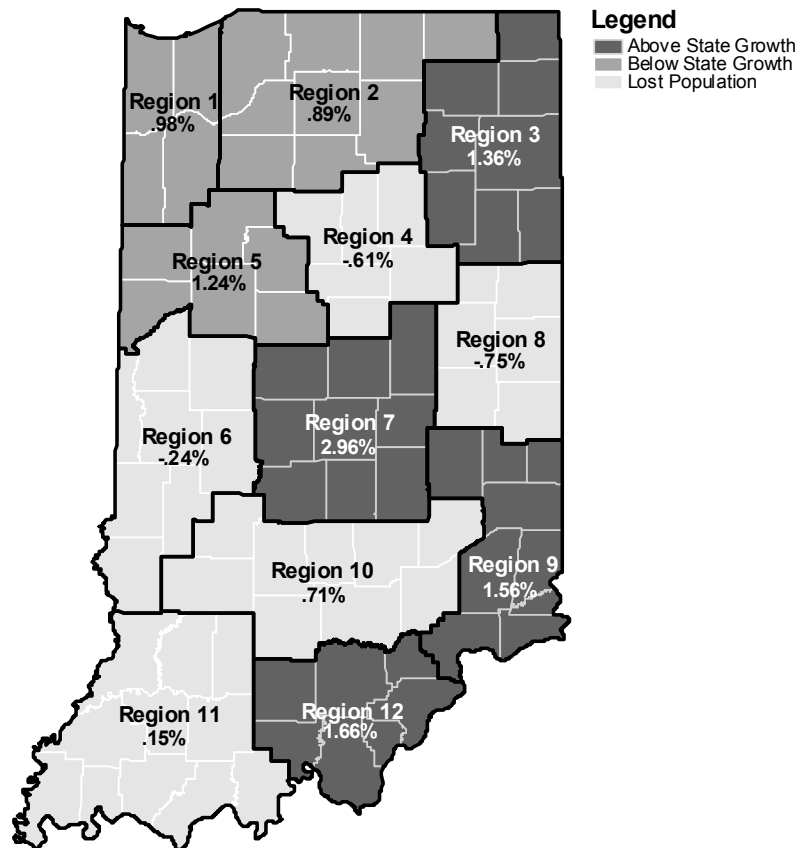
**Exhibit II-5.  
Population Change for  
Indiana Commerce  
Regions, 2000 and 2002**

Note:

Indiana's population change was 1.29 percent from 2000 to 2002.

Source:

U.S. Census Bureau and Indiana Business Research Center.



**Exhibit II-6.  
Population Change for  
Indiana Commerce  
Regions, 2000 and 2002**

Source:  
U.S. Census Bureau and Indiana Business  
Research Center.

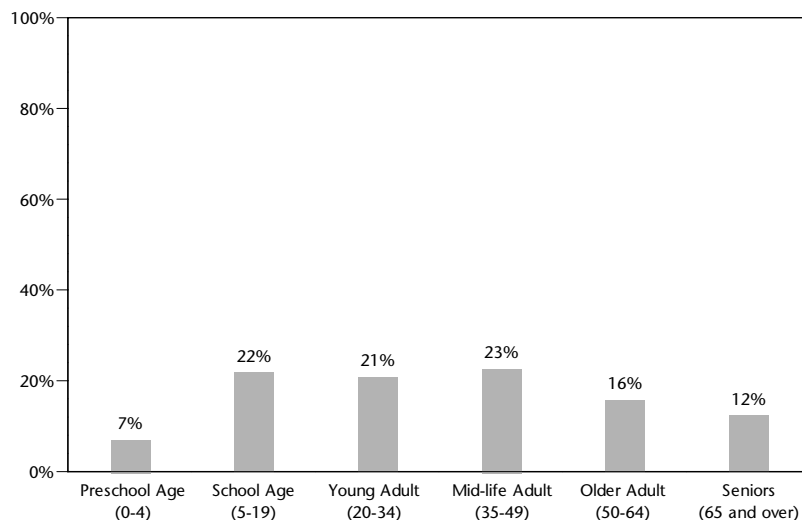
	2000	2002	Percent change	Compared to State % Change
Indiana	6,080,485	6,159,068	1.29%	
Region 1	675,971	682,594	0.98%	BELOW
Region 2	770,372	777,199	0.89%	BELOW
Region 3	581,630	589,553	1.36%	ABOVE
Region 4	286,916	285,167	-0.61%	LOST
Region 5	246,093	249,138	1.24%	BELOW
Region 6	279,786	279,118	-0.24%	LOST
Region 7	1,607,486	1,655,097	2.96%	ABOVE
Region 8	301,629	299,353	-0.75%	LOST
Region 9	192,374	195,377	1.56%	ABOVE
Region 10	401,264	404,133	0.71%	BELOW
Region 11	455,112	455,803	0.15%	BELOW
Region 12	281,852	286,536	1.66%	ABOVE

**Future growth.** The Indiana Business Research Center (IBRC) projects a State population of 6,417,198 in 2010. This equates to an average annual growth of one-half of one percent between 2002 and 2010, or about half of the average annual growth rate experienced in the prior decade, and about the same growth rate experienced between 2000 and 2003.

**Age.** According to the Census' American Community Survey<sup>2</sup> (ACS) the State's median age was 35.6 in 2002, up from 35.4 in 2000. This is lower than the median age for Ohio, Michigan, Missouri and the same median age as Kentucky. Exhibit II-7 shows the estimated age distribution of the State's population in 2002 according to the Census.

**Exhibit II-7.  
Indiana Population by  
Age Group, 2002**

Source:  
Population Division, U.S. Census Bureau.



<sup>2</sup> The American Community Survey universe is limited to the household population and excludes the population living in institutions, college dormitories, and other group quarters.

As of July 1, 2002, almost 60 percent of the State's population was between the ages 20 and 64 years. Compared to 2000, the 2002 age groups are distributed similarly.

Overall, 12 percent of Indiana's population was aged 65 years and over in 2002. Sixty-five of the 92 counties in Indiana had a higher percent of population aged 65 years and over than the State average, as is shown in the following exhibit where it is shaded.

**Exhibit II-8.  
Percent of County  
Population 65 Years and  
Over, 2002**

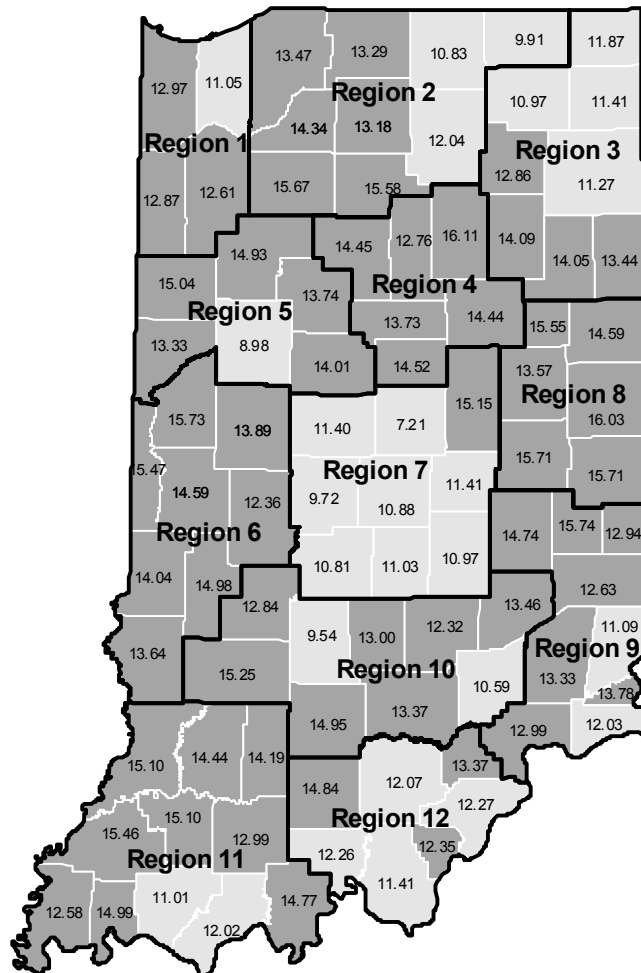
Note:

In 2002, 12.3 percent of the State's population was 65 years and over.

The shaded counties have a higher percentage of their population who is 65 years and over than the State.

Source:

Population Division, U.S. Census Bureau.



**Commerce regions.** The distribution of each Regions' population among four age groups – preschool, school aged, adult and older – are shown in Exhibit II-9. The 12 Commerce Regions have similar distribution patterns for all age groups. Region 5 and Region 10 have the highest percentage of their population in the 18 to 64 years group (66 and 68 percent) compared to the other regions. Commerce Region 8 has 15 percent of its population ages 65 years and over, which was the highest of the 12 regions.



**Exhibit II-9.**  
**Indiana Commerce Region Population by Age Group, 2000**

	Total Population	Preschool (0 to 4)	School Age (5 to 17)	Adult (18 to 64)	Older (65 plus)
<b>Indiana</b>	<b>6,080,485</b>	<b>7%</b>	<b>19%</b>	<b>62%</b>	<b>12%</b>
Region 1	675,971	7%	20%	61%	13%
Region 2	770,372	7%	20%	60%	13%
Region 3	581,630	7%	20%	60%	12%
Region 4	286,916	6%	19%	61%	14%
Region 5	246,093	6%	17%	66%	11%
Region 6	279,786	6%	18%	62%	14%
Region 7	1,607,486	7%	19%	62%	11%
Region 8	301,629	6%	17%	62%	15%
Region 9	192,374	7%	20%	60%	13%
Region 10	401,264	6%	17%	65%	12%
Region 11	455,112	6%	18%	61%	14%
Region 12	281,852	7%	19%	62%	12%

Source: US Census Bureau and Indiana Business Research Center.

**Race and ethnicity.** In 2002, 89 percent of residents in Indiana classified their race as white. The next largest race classification was African-American at 8.5 percent. The remaining races made up less than 3 percent of the State's total population.

The U.S. Census defines ethnicity as persons who do and do not identify themselves as being Hispanic/Latino and treats ethnicity as a separate category from race. Persons of Hispanic/Latino descent represented 3.8 percent of the State's population in 2002. Exhibit II-10 shows the breakdown by race and ethnicity of Indiana's 2002 population.

**Exhibit II-10.**  
**Indiana Population by  
Race and Ethnicity, 2002**

Source:  
Population Division, U.S. Census Bureau.

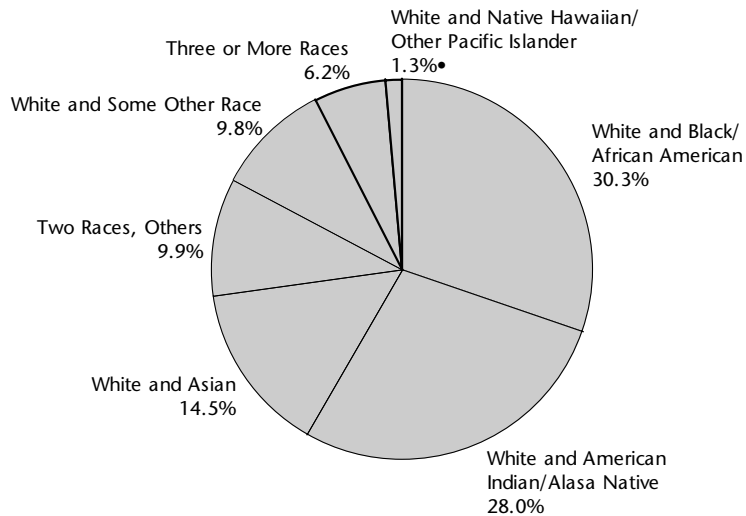
	2002	Percent of Population
<b>Total population</b>	<b>6,159,068</b>	<b>100.0%</b>
American Indian and Alaska Native alone	17,249	0.3%
Asian alone	69,776	1.1%
Black or African-American alone	525,151	8.5%
Native Hawaiian and Other Pacific Islander alone	2,747	0.0%
White alone	5,481,336	89.0%
Two or more races	62,809	1.0%
Hispanic or Latino (of any race)	236,367	3.8%

In the 2000 Census, people were given many options for racial classification, including identifying with more than one race. In all, 75,762 persons, or 1.2 percent of Indiana residents chose this classification. Of this number, 30.3 percent were white and African-American and 28.0 percent were white and American Indian or Alaskan Native. Among those identifying with more than one race, 6.2 percent identified themselves as belonging to three or more races.

Exhibit II-11 illustrates the percentage of Indiana residents identifying with more than one race in 2000.

**Exhibit II-11.  
Indiana Residents  
Identifying With More  
Than One Race in 2000**

Source:  
U.S. Bureau of the Census, 2000.



The Population Division of the U.S. Census provided a comparison of racial and ethnic population of Indiana for 2000 and 2002. As shown in the following Exhibit the white population grew at the slowest rate of only one percent from 2000 to 2002. The population of Native Hawaiian and Other Pacific Islander and Asian increased at the highest rates of 15.4 percent and 14.7 percent, respectively. The Hispanic/Latino population increased at a rate of 10.2 percent between 2000 and 2002.

**Exhibit II-12.  
Change in Race and Ethnic Composition for Indiana, 2000 and 2002**

	2000	2002	2000 to 2002 Percent Change
<b>Total population</b>	<b>6,080,485</b>	<b>6,159,068</b>	<b>1.3%</b>
White alone	5,428,465	5,481,336	1.0%
Black or African-American alone	516,246	525,151	1.7%
American Indian and Alaska Native alone	16,655	17,249	3.6%
Asian alone	60,818	69,776	14.7%
Native Hawaiian and Other Pacific Islander alone	2,380	2,747	15.4%
Two or more races	55,921	62,809	12.3%
Hispanic or Latino (of any race)	214,536	236,367	10.2%

Source: Population Division, U.S. Census Bureau.

**Concentration of race/ethnicity.** The State's population of African-Americans and persons of Hispanic/Latino descent are highly concentrated in a handful of counties, most of which contain entitlement areas. Exhibits II-13 and II-14 show the counties which contain the majority of these population groups.

Exhibit II-13 illustrates the percentage of the county's whose African-American population – the second largest racial category in Indiana for 2002 – is higher than the Statewide percentage of 8.5 percent. It should be noted that these data do not include racial classifications of two or more races, which include individuals who classify themselves as African-American along with some other race.

**Exhibit II-13.  
Counties with a Higher  
Rate of African-  
Americans than the  
State, 2002**

Source:  
Population Division, U.S. Census Bureau.

	African-American Population	Percent of Population
<b>Indiana</b>	<b>525,151</b>	<b>8.5%</b>
Allen County	38,653	11.5%
Lake County	124,178	25.5%
LaPorte County	11,055	10.0%
Marion County	215,944	25.0%
St. Joseph County	30,706	11.5%

As shown above, the State's African-American population is highly concentrated in the State's urban counties. These counties contain 80 percent of the African-Americans in the State.

Exhibit II-14, below, shows the percentage of population by county that is Hispanic/Latino in 2002 for the 13 counties that have a Hispanic/Latino population above the State average of 3.5 percent. These counties are mainly located in the northern portion of the State.

**Exhibit II-14.  
Counties with a Higher  
Rate of Hispanic/Latino  
Persons than the State  
Overall, 2002**

Source:  
Population Division, U.S. Census Bureau.

	Hispanic/Latino Population (can be of any race)	Percent of Population
<b>Indiana</b>	<b>236,367</b>	<b>3.8%</b>
Allen County	15,654	4.6%
Cass County	3,227	7.9%
Clinton County	3,032	8.9%
Elkhart County	18,990	10.2%
Kosciusko County	3,993	5.3%
Lake County	61,580	12.6%
Marion County	38,922	4.5%
Marshall County	3,099	6.8%
Noble County	3,871	8.2%
Porter County	7,690	5.1%
St. Joseph County	13,558	5.1%
Tippecanoe County	8,660	5.7%
White County	1,464	5.9%

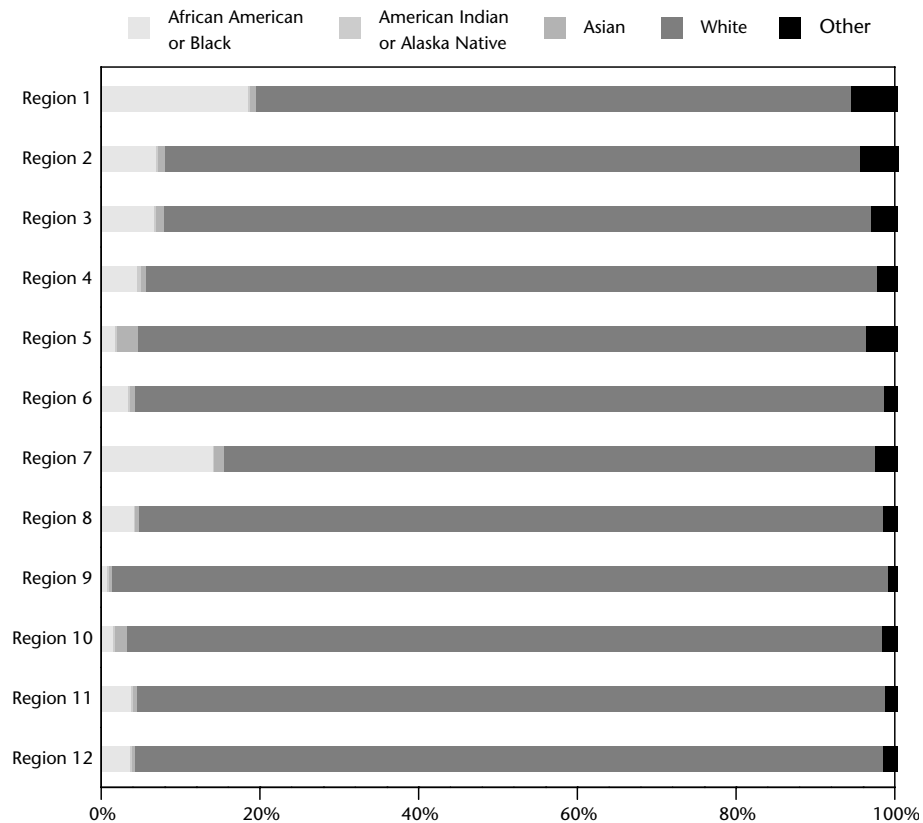
**Commerce Regions.** The Indiana Business Research Center reported race information for each of the 12 Indiana Commerce Regions for 2000. The following exhibits show Commerce Region 1 (which includes Jasper, Lake, Newton, and Porter counties) as having the highest percentage of its population nonwhite. Approximately, 18 percent of its population is African-American and almost 4 percent were classified in the "Other" category. Another Commerce Region with a relatively high percentage of nonwhites was Region 7, which includes the Indianapolis MSA.

**Exhibit II-15.**  
**Percentage of Population by Race for Indiana Commerce Regions, 2000**

	African-American or Black	American Indian or Alaska Native	Asian	White	Other	Reporting More Than One Race
Region 1	18.4%	0.3%	0.8%	75.0%	3.9%	1.7%
Region 2	6.8%	0.3%	0.8%	87.6%	2.9%	1.6%
Region 3	6.6%	0.3%	0.9%	89.1%	1.7%	1.3%
Region 4	4.4%	0.5%	0.6%	92.1%	1.1%	1.3%
Region 5	1.6%	0.2%	2.8%	91.6%	2.6%	1.1%
Region 6	3.3%	0.3%	0.6%	94.4%	0.5%	1.0%
Region 7	13.9%	0.2%	1.2%	82.1%	1.3%	1.3%
Region 8	4.0%	0.2%	0.5%	93.7%	0.6%	1.0%
Region 9	0.7%	0.2%	0.3%	97.8%	0.3%	0.7%
Region 10	1.4%	0.2%	1.6%	95.0%	0.7%	1.1%
Region 11	3.7%	0.2%	0.5%	94.3%	0.5%	0.8%
Region 12	3.5%	0.2%	0.4%	94.3%	0.5%	1.0%

Source: US Census Bureau and Indiana Business Research Center.

**Exhibit II-16.**  
**Percentage of Population by Race for Indiana Commerce Regions, 2000**



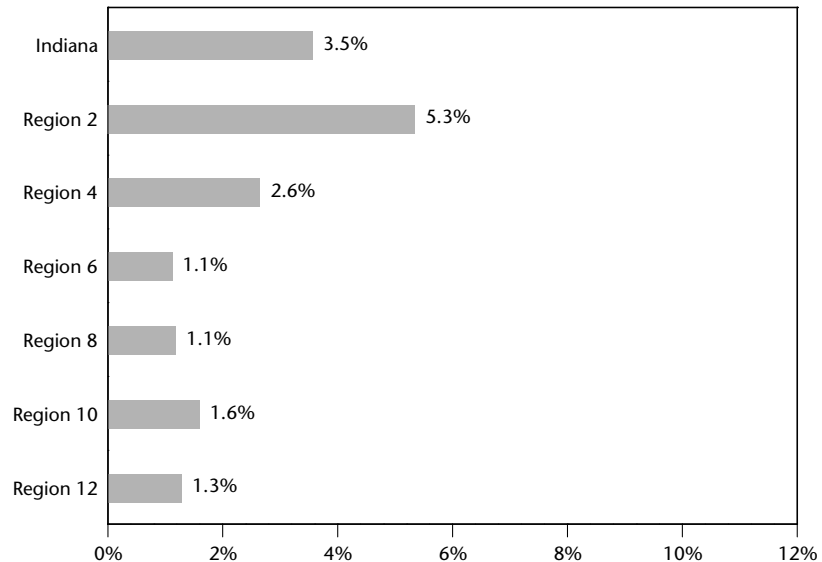
Note: "Other" includes the population classifying themselves as "other" and persons reporting more than one race.

Source: US Census Bureau and Indiana Business Research Center.

Commerce Region 1, Commerce Region 2 and Commerce Region 5 – all located in the Northwest portion of the State – showed the highest rates of residents classifying themselves as Hispanic/Latino. In fact, over half of the Hispanic/Latino residents in the State live in one of these three regions. Exhibit II-17 illustrates the percentage of each region's population that is Hispanic/Latino.

**Exhibit II-17**  
**Percent of Each**  
**Commerce Regions**  
**Population That is**  
**Hispanic/Latino, 2000**

Source:  
US Census Bureau and Indiana Business  
Research Center.



**Household composition.** According to the ACS, just over half of Indiana's households in 2002 (52 percent) were married couples. The majority of married couple households (58 percent) did not have children under 18 years. Of households with children 18 years and under, 23 percent were female headed with no husband present. The ACS reported that 22 percent of all households had one or more persons aged 65 years or over. The distribution of the State's households by type is shown in Exhibit II-18.

**Exhibit II-18.**  
**Household Composition**  
**in Indiana, 2002**

Note:

"Own Child" as defined by the U.S. Census is a child under 18 years who is a son or daughter by birth, a stepchild, or an adopted child of the householder.

"Other family household" is the balance of family households less married couple families less female householder families.

Source:

American Community Survey 2002, U.S. Census Bureau and BBC Research & Consulting.

	Total Households	
	Number	Percent
<b>Total households</b>	<b>2,345,780</b>	<b>100%</b>
Married-couple families	1,221,748	52%
With own children under 18 years	513,664	22%
No own children under 18 years	708,084	30%
Female householder, no husband present	266,589	11%
With own children under 18 years	173,012	7%
No own children under 18 years	93,577	4%
Other family household	103,651	4%
With own children under 18 years	57,304	2%
No own children under 18 years	46,347	2%
Householder living alone	625,886	27%
Other household types	127,906	5%

The number of married couple households with children declined by 3 percent from 2000 to 2002. Other families<sup>3</sup> with own children under 18 years grew 13 percent from 2000 to 2002, which was the highest rate of growth of all household types.

The ACS also reported the population of households who were unmarried partners. In 2002, there was a household population of approximately 131,000 unmarried partners in the State. This was a 6 percent increase from 2000 and made up 2.2 percent of the household population in 2002.

**Commerce Regions.** The Indiana Business Research Center reported household type by Commerce Region for 2000. In general, household compositions were similar across the regions, with a few small differences. Commerce Regions 5 and 10 (which include smaller MSAs) had the lowest rate of single parent households at 7 percent each. Commerce Region 9 (which includes no MSAs) had the highest percentage of married households with and without children and the lowest percentage of “Other” and living alone households when compared to the other commerce regions. Exhibit II-19 below shows the distribution of household composition for the Commerce Regions in 2000.

**Exhibit II-19.**  
**Household Composition in Indiana and Commerce Regions, 2000**

	Households in 2000	Married With Children	Married Without Children	Single Parents	Living Alone	Other
<b>Indiana</b>	<b>2,336,306</b>	<b>24%</b>	<b>30%</b>	<b>9%</b>	<b>26%</b>	<b>11%</b>
Region 1	252,308	23%	29%	10%	25%	13%
Region 2	284,966	25%	30%	9%	25%	11%
Region 3	221,486	26%	29%	9%	26%	10%
Region 4	112,234	22%	33%	9%	26%	10%
Region 5	91,993	23%	29%	7%	26%	14%
Region 6	106,220	23%	32%	8%	27%	10%
Region 7	629,655	24%	27%	10%	27%	12%
Region 8	120,118	21%	32%	9%	27%	11%
Region 9	72,241	27%	33%	8%	23%	9%
Region 10	156,495	23%	31%	7%	26%	12%
Region 11	178,513	24%	31%	8%	27%	10%
Region 12	110,077	24%	32%	9%	24%	11%

Note: Detail not included in original table was placed in the "Other" category.

Source: U.S. Census Bureau, Indiana Business Research Center and BBC Research & Consulting.

<sup>3</sup> “Other families” is the balance of family households less married couple families less female householder families.

**Linguistically isolated households.** The ACS reported the number of persons ages 5 years and over who speak English less than “very well” for 2000 and 2002. In Indiana, 3.2 percent of the population 5 years and over spoke English less than “very well” in 2002. This was a 13 percent increase from 2000.

The 2000 Census also measured households that were “linguistically isolated” – that is, where no member 14 years and older speaks English only or speaks English “very well.” In 2000, 29,358 households (1.3 percent of total households) in Indiana were reported to be linguistically isolated. Of these households, 15,468 speak Spanish; 13,820 speak an Asian or Pacific Islander language; 7,960 speak an other Indo-European language; and the remainder speak other languages. Exhibit II-20 shows the percentage of households that were reported to be linguistically isolated in 2000 by county, with the shaded areas representing counties with equal to or greater than state average.

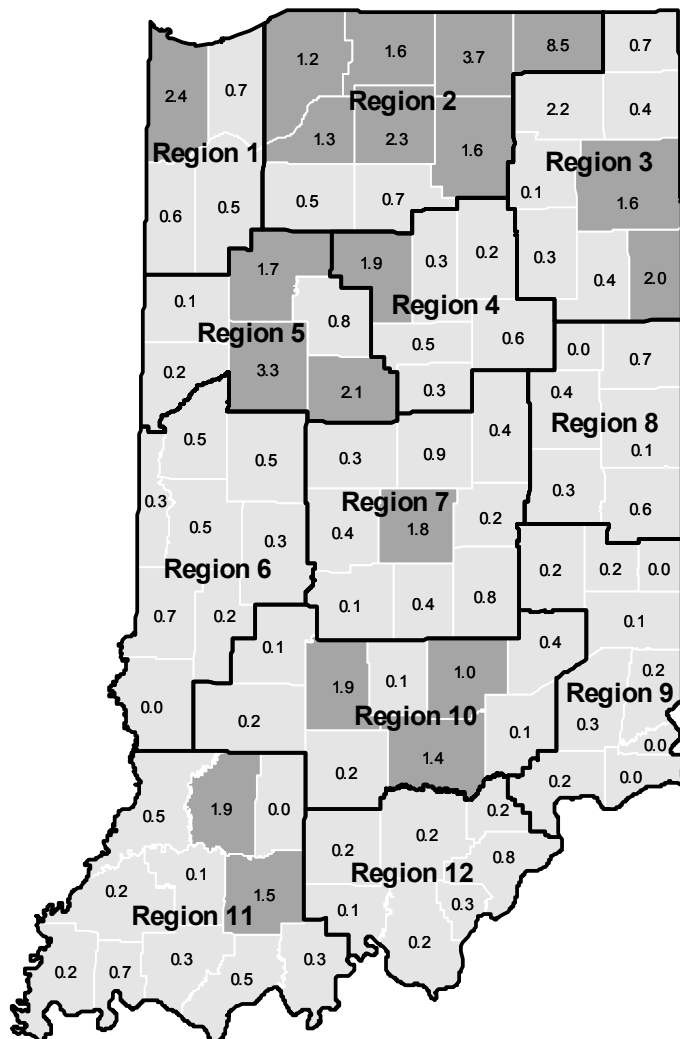
**Exhibit II-20.**  
**Percent of Households**  
**Linguistically Isolated,**  
**by County, 2000**

Note:

In 2000, Indiana reported 1.3 percent of total households to be linguistically isolated. The shaded counties have a higher percent of their population who is linguistically isolated than the State.

Source:

U.S. Bureau of the Census, 2000



## Income

**Median Income.** According to the U.S. Census, the median household income for the State in 2000 was \$41,567. This represents an 11 percent increase from the 1990 Census median household income after adjusting for inflation.

The ACS reported a median household income of \$41,906 in 2002 and a median household income of \$42,243 in 2000 (in 2002 inflation adjusted dollars). This is a 1.2 percent decrease from 2000 to 2002 in 2002 inflation adjusted dollars.

According to the Indiana Business Research Center, Indiana's annual per capita personal income for 2001 was \$27,522. Only two of the Commerce Regions – Region 7 (containing Indianapolis) and Region 11 – were higher than the State's per capita personal income with annual per capita personal incomes of \$31,960 and \$27,860, respectively. Commerce Region 6 had the lowest annual per capita personal income with \$22,818. The following exhibit shows the State and Commerce Regions annual per capita personal income in 2001.

**Exhibit II-21.  
Annual Per Capita  
Personal Income for  
Indiana and Commerce  
Regions, 2001**

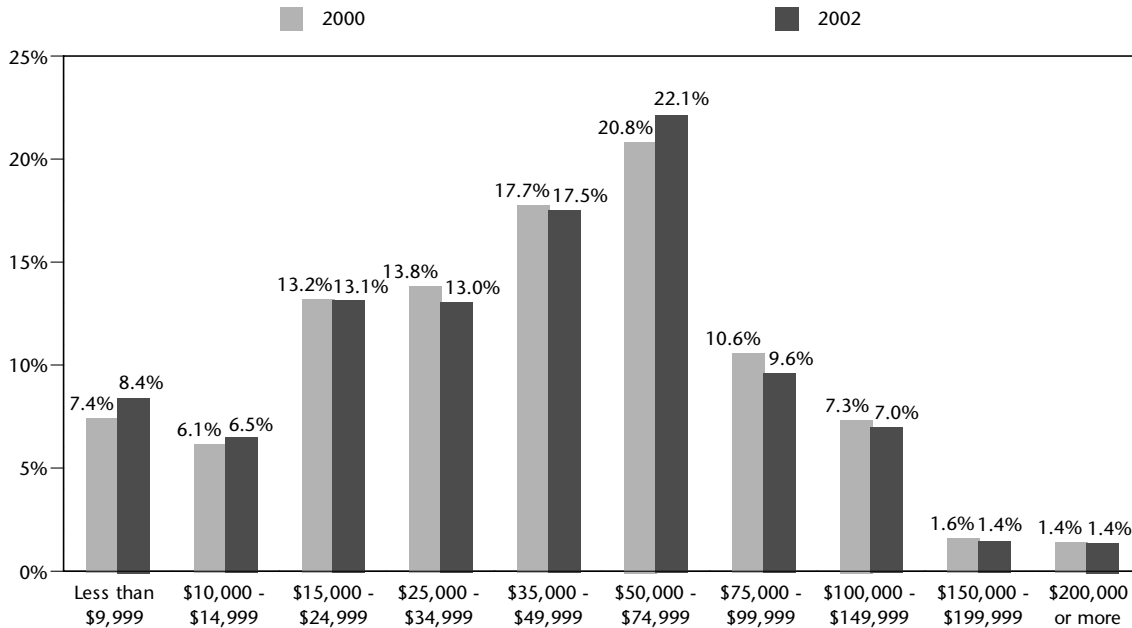
Source:

U.S. Census Bureau, U.S. Bureau of  
Economic Analysis, and IBRC.

	Per Capita Personal Income	Above State Per Capita Personal Income
<b>Indiana</b>	<b>\$27,522</b>	
Region 1	\$25,717	No
Region 2	\$25,717	No
Region 3	\$27,177	No
Region 4	\$24,578	No
Region 5	\$24,840	No
Region 6	\$22,818	No
<b>Region 7</b>	<b>\$31,960</b>	<b>Yes</b>
Region 8	\$24,431	No
Region 9	\$24,568	No
Region 10	\$25,006	No
<b>Region 11</b>	<b>\$27,860</b>	<b>Yes</b>
Region 12	\$25,633	No

**Income Distribution.** Exhibit II-22 shows the distribution of income in the State in 2000 and 2002 in 2002 inflation adjusted dollars. The percentages of households in the lower-income brackets increased for income ranges up to \$14,999. The largest increase by income bracket occurred in the \$50,000 to \$74,999 range. The number of households with incomes in this income range grew at a rate of 8 percent between 2000 and 2002.



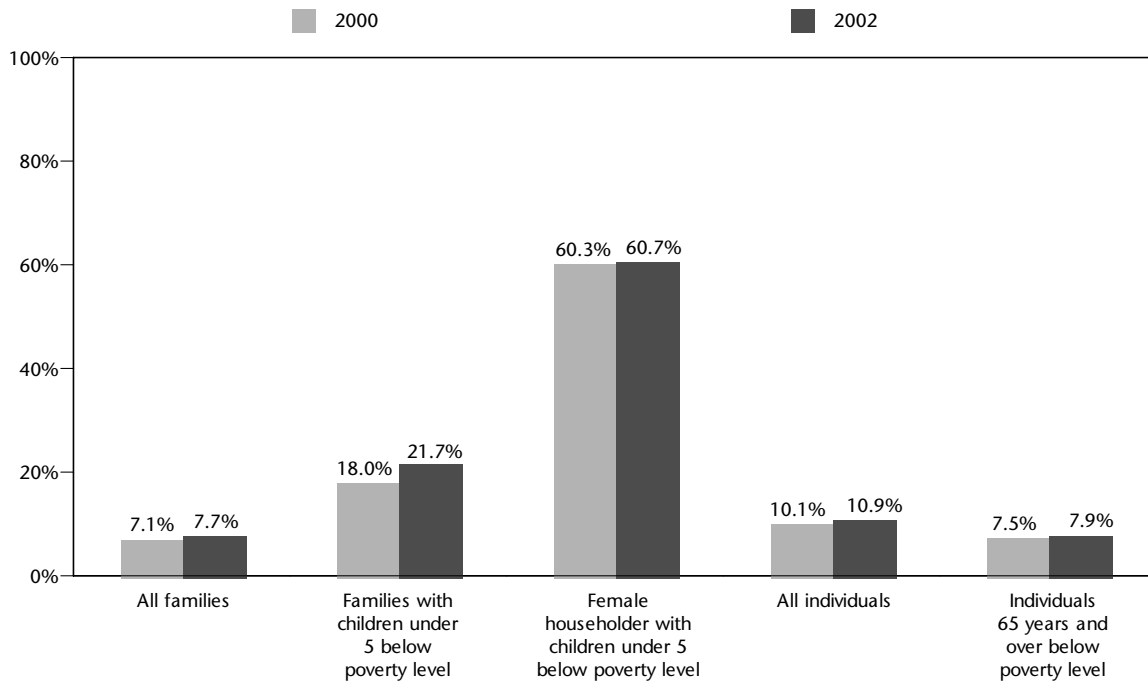
**Exhibit II-22.****Percent of Households by Income Bracket, State of Indiana, 2000 and 2002**

Note: Brackets are adjusted for 2002 inflation adjusted dollars.

Source: 2000 and 2002 American Community Survey, U.S. Census Bureau.

**Poverty.** Poverty rates in Indiana have fluctuated with year-to-year changes in economic conditions according to estimates from the Indiana Business Research Center. The most current of those estimates provided by ACS indicate the percentage of persons living in poverty in the State averaged 10.9 percent during 2002, which was an increase from 10.1 percent in 2000.

The percentage of families below poverty level in 2002 according to ACS was 7.7 percent, an increase from 7.1 percent in 2000. Of these families below the poverty level in 2002, 21.7 percent were families with children under 5 years and, of these families with children under 5 years below poverty level, 60.7 percent were female headed. Almost 8 percent of persons 65 years and over were below poverty level, up from 7.5 percent in 2000. The following exhibit shows the different household categories living in poverty in 2000 and 2002.

**Exhibit II-23.****Percent of Families and Individuals Living Below Poverty Level, by Type, 2000 and 2002**

Source: 2000 and 2002 American Community Survey, U.S. Census Bureau.

All of the types of families and individuals showed an increase in the percentage of those living in poverty. Female households with children under 5 years below poverty grew from 12,222 families in 2000 to 16,178 families in 2002. This was the largest percent increase (32.4 percent) of the household categories.

**Self sufficiency standard.** In 2002, the Indiana Coalition on Housing and Homeless Issues (ICHHI) commissioned a study to examine how much income is needed for different family types to adequately meet basic needs, without public or private assistance. This income level is called the self-sufficiency standard. The standard is determined by taking into account the costs of housing, child care, food, transportation, health care and miscellaneous expenses for several family types, as well as any tax credits a family might receive. The study calculated the standard for metropolitan areas and all communities in the State.

Exhibit II-24 on the following page shows the hourly self-sufficiency standard for all counties in the State for a single adult and a single adult with a preschooler. The counties with the highest self sufficiency standard, or the least affordable counties, included Hamilton, Johnson, Lake, Marion, Monroe and Porter.

**Exhibit II-24.**  
**Self Sufficiency Standard, 2002**

Source:

The Self-Sufficiency Standard for Indiana, 2002.

County	Adult	Adult with a preschooler
Adams	\$6.68	\$10.47
Allen	\$6.76	\$11.07
Bartholomew	\$6.90	\$10.82
Benton	\$5.94	\$9.47
Blackford	\$5.88	\$8.63
Boone	\$7.18	\$11.94
Brown	\$6.42	\$9.74
Carroll	\$5.93	\$8.61
Cass	\$5.94	\$8.79
Clark	\$6.98	\$10.28
Clay	\$6.11	\$8.43
Clinton	\$7.04	\$11.10
Crawford	\$5.90	\$8.59
Daviess	\$5.90	\$8.54
De Kalb	\$6.72	\$10.29
Dearborn	\$7.24	\$11.77
Decatur	\$6.15	\$9.29
Delaware	\$7.02	\$11.35
Dubois	\$5.90	\$8.70
Elkhart	\$6.91	\$10.82
Fayette	\$6.05	\$8.84
Floyd	\$7.01	\$10.42
Fountain	\$5.92	\$8.80
Franklin	\$5.91	\$8.76
Fulton	\$6.01	\$8.53
Gibson	\$5.89	\$8.18
Grant	\$5.92	\$8.77
Greene	\$5.92	\$8.44
Hamilton	\$7.18	\$12.96
Hancock	\$7.19	\$11.88
Harrison	\$7.04	\$10.21
Hendricks	\$7.20	\$11.40
Henry	\$6.13	\$10.31
Howard	\$6.72	\$10.57
Huntington	\$6.71	\$10.29
Jackson	\$6.32	\$9.63
Jasper	\$6.13	\$9.20
Jay	\$5.89	\$8.22
Jefferson	\$5.84	\$8.46
Jennings	\$5.91	\$8.55
Johnson	\$7.18	\$12.00
Knox	\$6.08	\$8.82

**Exhibit II-24. (cont'd)  
Self Sufficiency Standard, 2002,  
Continued**

Source:  
The Self-Sufficiency Standard for Indiana, 2002.

County	Adult	Adult with a preschooler
Kosciusko	\$6.36	\$9.59
La Porte	\$6.28	\$10.24
Lagrange	\$6.04	\$8.69
Lake	\$8.05	\$12.98
Lawrence	\$5.90	\$8.35
Madison	\$7.26	\$11.14
Marion	\$7.36	\$12.59
Marshall	\$6.09	\$9.52
Martin	\$5.90	\$7.97
Miami	\$5.91	\$8.53
Monroe	\$7.37	\$13.47
Montgomery	\$6.83	\$9.35
Morgan	\$7.23	\$11.11
Newton	\$5.91	\$9.07
Noble	\$6.04	\$8.53
Ohio	\$6.12	\$8.91
Orange	\$5.91	\$8.56
Owen	\$5.93	\$8.77
Parke	\$5.92	\$8.19
Perry	\$5.90	\$8.62
Pike	\$5.86	\$8.65
Porter	\$8.02	\$12.70
Posey	\$6.44	\$10.27
Pulaski	\$5.95	\$8.46
Putnam	\$6.26	\$9.39
Randolph	\$5.89	\$8.47
Ripley	\$5.91	\$8.94
Rush	\$5.91	\$9.07
Scott	\$7.04	\$10.15
Shelby	\$7.20	\$10.62
Spencer	\$5.88	\$8.19
St. Joseph	\$6.85	\$11.62
Starke	\$5.89	\$8.34
Steuben	\$6.52	\$9.33
Sullivan	\$5.84	\$8.40
Switzerland	\$5.90	\$8.16
Tippecanoe	\$7.03	\$11.66
Tipton	\$6.70	\$11.23
Union	\$5.89	\$8.66
Vanderburgh	\$6.59	\$10.64
Vermillion	\$6.05	\$8.73
Vigo	\$6.06	\$9.13
Wabash	\$5.90	\$8.46
Warren	\$5.94	\$8.50
Warrick	\$6.48	\$9.33
Washington	\$5.91	\$8.61
Wayne	\$6.45	\$9.37
Wells	\$6.71	\$9.73
White	\$5.94	\$10.20
Whitley	\$6.70	\$10.22

**Basic family budgets.** A similar study to the self sufficiency study was prepared in 1999 and released in 2001 by the Economic Policy Institute. This study indicated that the average one-parent, two-child family in rural Indiana would have to earn \$26,618 in pre-tax income (\$2,218 monthly) in order to meet all of its expenses. This study also made use of basic family budgets and its methodology in developing the budgets was similar to the self sufficiency standard. The Economic Policy Institute study covered the entire U.S., while the self sufficiency study was tailored to Indiana.

Exhibit II-25 shows the basic family budget study's estimated monthly expenses needed for a one-parent, two-child family to maintain a safe and decent standard of living in rural Indiana.

**Exhibit II-25.  
Basic Monthly Budget: One-Parent, Two-Child Family, Rural Indiana, 1999**

Source:  
*Hardships In America: The Real Story of Working Families*, Economic Policy Institute, 2001.

Line Item	Monthly Amount	Percent of Total
Housing	\$420	18.9%
Food	\$351	15.8%
Child Care	\$637	28.7%
Transportation	\$197	8.9%
Health Care	\$207	9.3%
Other Necessities	\$239	10.8%
Taxes	<u>\$167</u>	<u>7.5%</u>
<b>Total</b>	<b>\$2,218</b>	<b>100.0%</b>

A county level comparison of the average weekly earnings of Indiana households against the above budget found that two out of three non-MSA counties sustain monthly earnings *below* what is required of a one-parent, two-child family to maintain a safe and decent standard of living in rural Indiana.

**Sources of income.** Indicators of the economic well being of families in Indiana is the percentage of families receiving public assistance. The 2000 Census collected data about sources of supplemental income, such as Supplemental Security Income (SSI) and Public Assistance Income. In 2000, 3.5 percent of the State's households received SSI and 2.6 percent received Public Assistance. According to the ACS, 2.9 percent of households in Indiana received SSI in 2000 and 2002. (The lower percentage for the ACS – other than reported by the 2000 Census – is likely due to the ACS data being limited to the household population and excludes the population living in institutions, college dormitories, and other group quarters.)

Recent estimates indicate that program participation in Temporary Assistance to Needy Families (TANF) increased from 2000 to 2001. Statewide, the rate of participation rose by 0.5 percentage points to 1.8 percent from 1.3 percent. There were nearly 9,000 more families participating in 2001 and 31,780 more individuals receiving assistance. Lake and Marion Counties made up 46 percent of TANF participants and had the highest rates of program participation. MSA counties average 1.25 percent participation in TANF in 2001 compared to 0.89 percent for MSA counties.

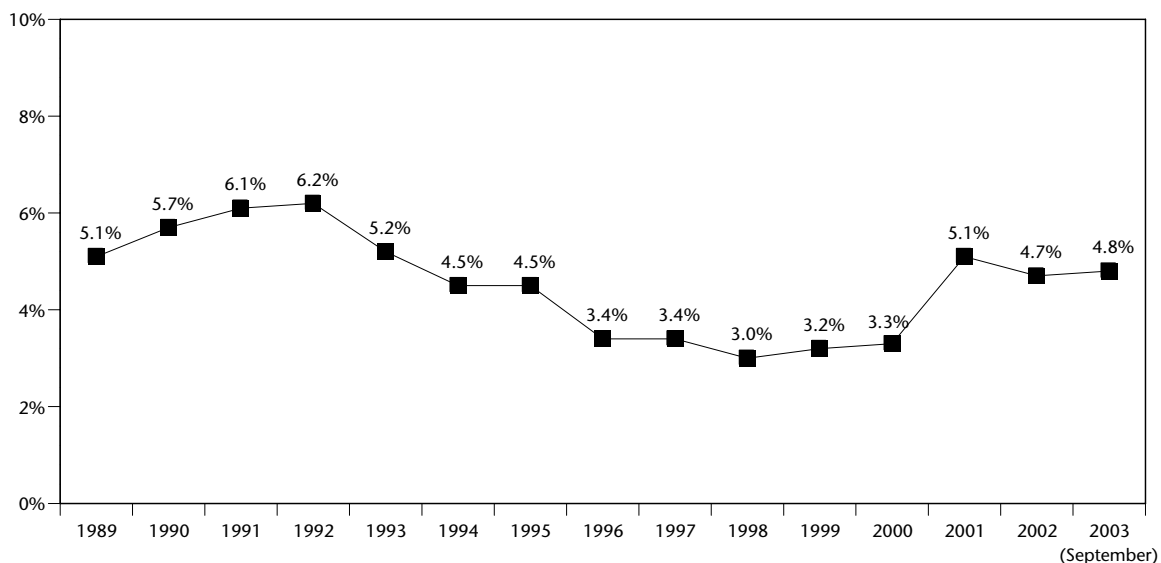
There has also been a recent uptick in food stamps program participation. The monthly average number of persons receiving food stamps in Indiana was 331,206 in 2001. This was 33,865 more

than in 2000, an increase of 11.4 percent. However, the average number of food stamps recipients per month has declined by 17.6 percent Statewide since 1996.

## Employment

**Unemployment rate.** As of September 2003, the average unemployment rate in Indiana was 4.8 percent. This compares to 4.7 percent in December 2002 and 5.1 percent in December 2001. Unemployment rates have risen significantly in 2001 and 2002 after hovering below 3.5 percent from 1996 through 2000. Rates are now at levels that the State last experienced in the early 1990s. Exhibit II-26 below illustrates the broad trend in unemployment rates since 1989.

**Exhibit II-26.**  
**Indiana's December Unemployment Rate from 1989 to 2003**

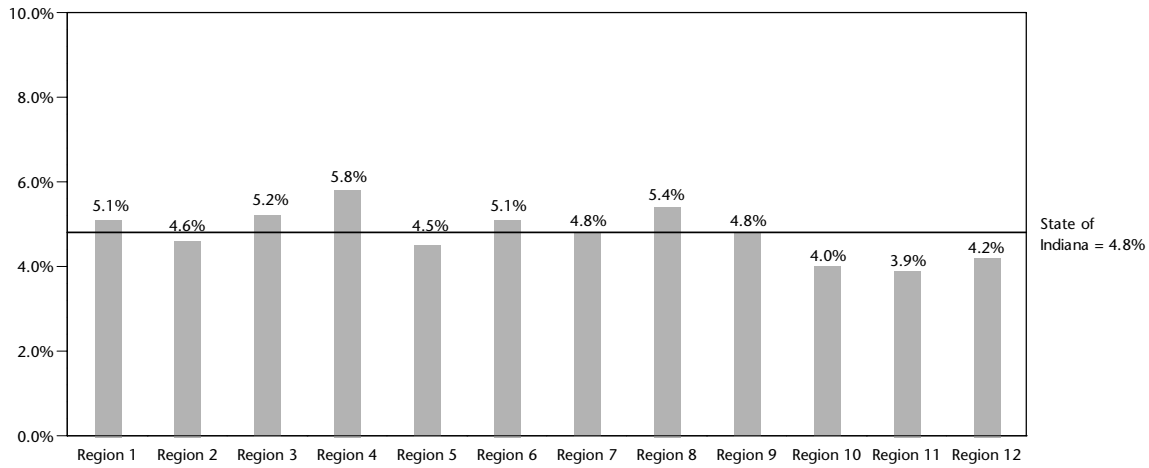


Note: 2003's unemployment rate is from September.

Source: Indiana Department of Workforce Development.

Seven of the 12 Commerce Regions had unemployment rates either the same or higher than the State's September 2003 unemployment rate of 4.8 percent. Commerce Region 4 had the highest unemployment rate of 5.8 percent and Region 11 had the lowest rate of 3.9 percent. Exhibit II-27 shows the unemployment rates for the 12 Commerce Regions for September 2003.

**Exhibit II-27.**  
**Unemployment Rate for Indiana and Commerce Regions, September 2003**



Source: Indiana Department of Workforce Development.

County unemployment rates ranged from a low of 2.6 percent in Monroe County to a high of 9.2 percent in Fayette County. Exhibit II-28 shows the September 2003 unemployment rates by county, as reported by the Indiana Department of Workforce Development. The shaded counties have an average unemployment rate higher than the Statewide average.

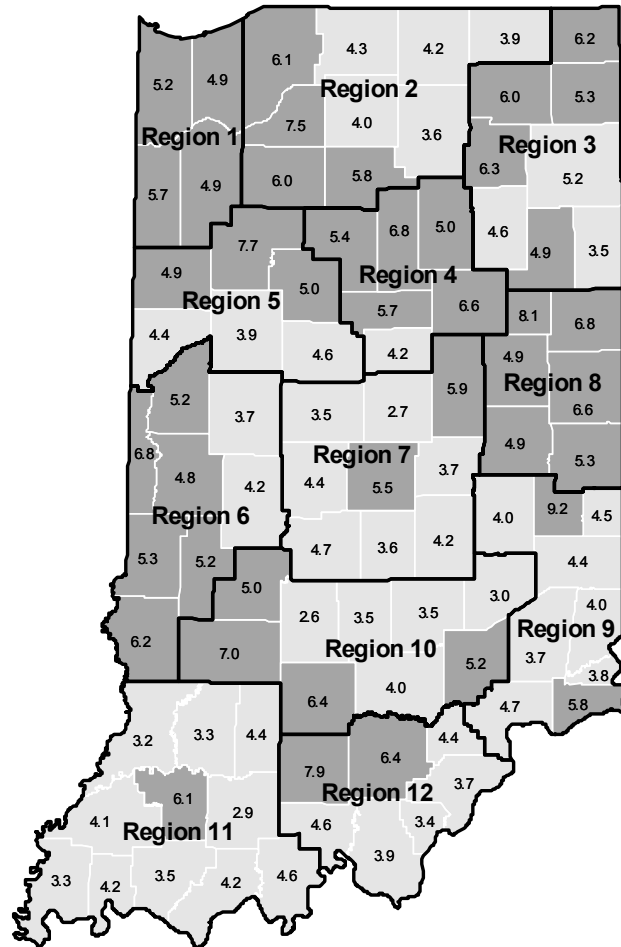
**Exhibit II-28.**  
**Unemployment Rates by**  
**County, September 2003**

Note:

Indiana's unemployment rate was 4.8 percent in September 2003.

Source:

Indiana Department of Workforce Development and Indiana Business Research Center, IU Kelley School of Business.



**Employment sectors.** Goods producing industries other than agriculture – that is, mining, manufacturing and construction – remain a major source of employment in Indiana. Indeed, Indiana had the highest percentage of goods producing, non-farm jobs in 2000 compared to its neighboring States, according to the Bureau of Labor Statistics. The data indicate that the percentage of the State's *economy* composed of non-farm, goods producing jobs was nearly 26 percent. The services sector (comprising diverse activities from food service to information technology, health care and the many types of public administration) makes up the remainder of Indiana's non-agricultural economy. Recently, the service sector has become the dominant employment-producing industry.

Exhibit II-29 shows the distribution of jobs by industry in the State as of first quarter 2003.



**Exhibit II-29.**  
**Employment by Industry, State**  
**of Indiana, Quarter 1, 2003**

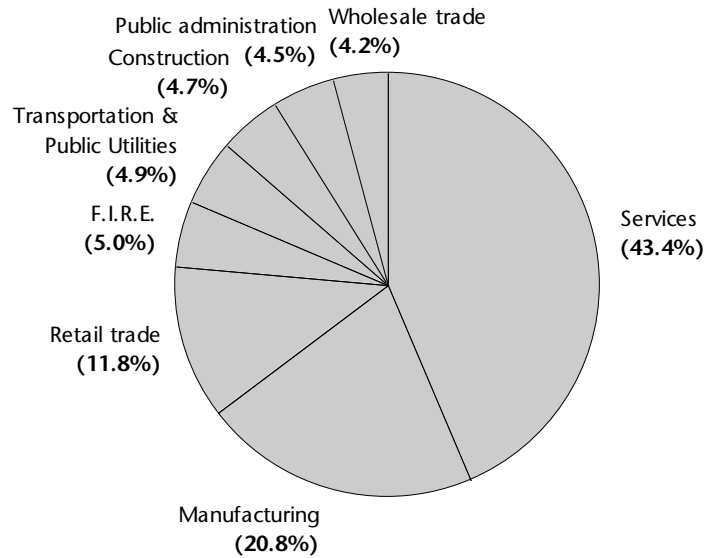
Note:

F.I.R.E. is Finance, Insurance, and Real Estate.

Other includes mining, agricultural services, forestry and fishing.

Source:

Indiana Business Research Center, based on ES202 data.



Although the services industry holds an employment edge Statewide and across the State's Commerce Regions, manufacturing remains an important employer. Commerce regions located in the northeast to north-central part (particularly Regions 2, 3 and 4) of the State tend to have higher percentages of manufacturing jobs than the other Commerce regions of the State. Service jobs are more dominated in Commerce Regions 2 and 4. The following exhibit shows the percentage of jobs by sector for each Commerce Region.

**Exhibit II-30**  
**Employment by Industry for Each Commerce Region, 2003**

	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9	Region 10	Region 11	Region 12
<b>Total employment</b>	<b>253,670</b>	<b>355,575</b>	<b>282,233</b>	<b>115,206</b>	<b>100,327</b>	<b>104,741</b>	<b>823,038</b>	<b>114,719</b>	<b>64,621</b>	<b>164,673</b>	<b>221,134</b>	<b>103,186</b>
Services	47.4% *	37.2% *	39.3% *	38.6% *	44.6% *	40.6% *	45.8% *	45.7% *	36.1% *	42.9% *	40.3% *	37.6% *
Manufacturing	16.2%	32.6%	26.7%	32.1%	24.3%	22.0%	13.0%	22.6%	22.4% *	24.9%	22.1%	21.6% *
Retail Trade	12.6%	10.7%	10.8%	11.6%	12.1%	13.8%	11.5%	12.9%	10.9%	11.5%	11.3%	13.2%
Transportation and Public Utilities	4.5% *	2.7% *	4.7% *	2.4% *	2.7% *	3.7% *	6.5% *	3.0% *	3.4% *	4.9% *	5.7% *	6.6% *
Construction	5.9%	3.8%	4.4%	3.0%	4.0%	3.8%	5.3%	3.3%	3.6%	3.7%	5.3%	5.1%
Wholesale Trade	3.5%	4.3%	4.8%	2.2%	2.4%	2.4%	5.2%	2.7%	1.3% *	2.4%	3.9%	2.5%
F.I.R.E.	3.8%	3.8%	5.2%	3.2%	4.2% *	3.6%	7.4%	3.8%	3.1% *	3.6%	3.7%	3.6%
Public Administration	5.0%	3.8%	3.1%	5.4%	3.8%	7.1%	5.0%	4.4%	4.7%	3.9%	3.5%	5.5%
Other	0.5% *	0.5% *	0.4% *	0.7% *	0.8% *	0.5% *	0.3% *	0.3% *	0.4% *	0.7% *	1.4% *	0.5% *

Note: F.I.R.E is Finance, Insurance, and Real Estate.

Other includes mining, agriculture services, forestry and fishing.

\* These totals exclude county data that are not available due to non-disclosure requirements.

Source: Indiana Business Research Center (based on ES202 data) and BBC Research & Consulting.

It should be noted that the fast growing services sector is a very diverse category, and occupations can range from high-paying health services professionals (e.g., doctors, medical) to those employed in the social services and foodservices industries who earn substantially lower wages. In general, wages in the services sector are lower than in the manufacturing sector.

**Educational attainment.** According to the ACS, the percent of Indiana residents who have earned a bachelor's degree increased between 2000 and 2002 from 19.8 percent to 20.6 percent. This was 5.2 percent lower than the U.S. average (25 percent) in 2002.

The 2000 Census reported that Indiana had a decline in the percentage of individuals aged 25 to 34 and 35 to 44 who had completed high school, indicating an outmigration of more educated people from the State. The following exhibit shows the percent of Indiana resident between the ages of 18 and 44 who had *not* completed high school in 2000. Only five counties had non-completion rates of less than 10 percent; most counties had between 10 and 20 percent of their residents without high school diplomas.

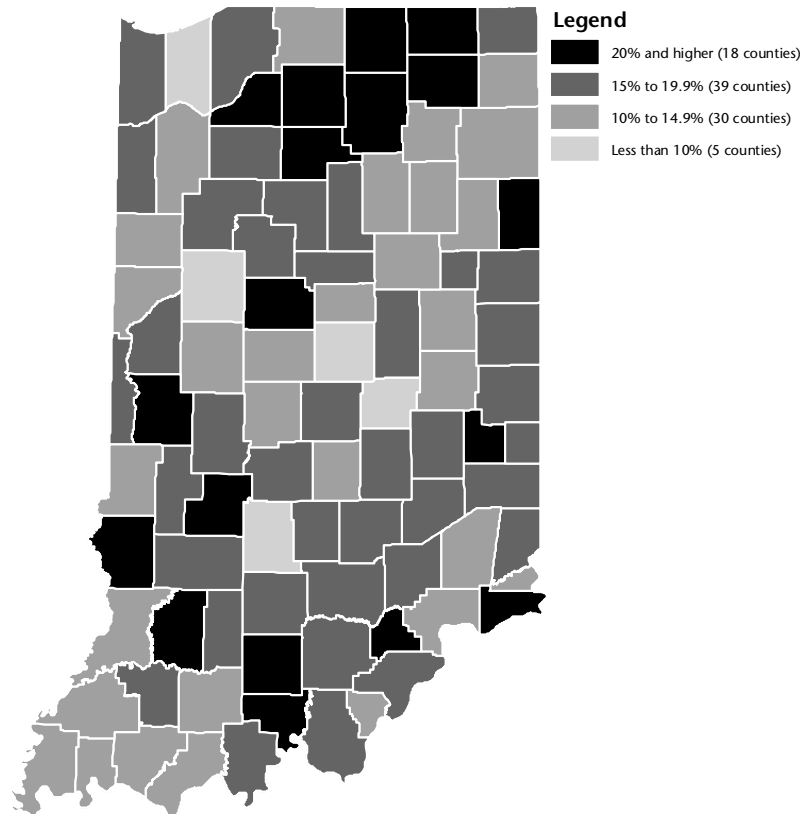
**Exhibit II-31.  
Percent Ages 18 to 44  
Not Completing High  
School, 2000**

**Note:**

The data does not include students who do not participate in public schools.

**Source:**

"In Context" Indiana Department of Commerce, January/February, 2003.



## **Economic Forecast**

**Population growth.** Growth rates are expected to slow slightly during the early part of the decade. Population growth projections released by the Indiana Business Research Center indicate that Statewide growth between 2000 and 2005 is projected to be 0.54 percent per year, for a total growth of 2.7 percent.

Between 2005 and 2010, the growth rate is expected to stay about the same at 0.55 percent per year, for total growth of 2.8 percent. By 2020, the State is projected to have 6.7 million people, or approximately 660,000 more than in 2000.

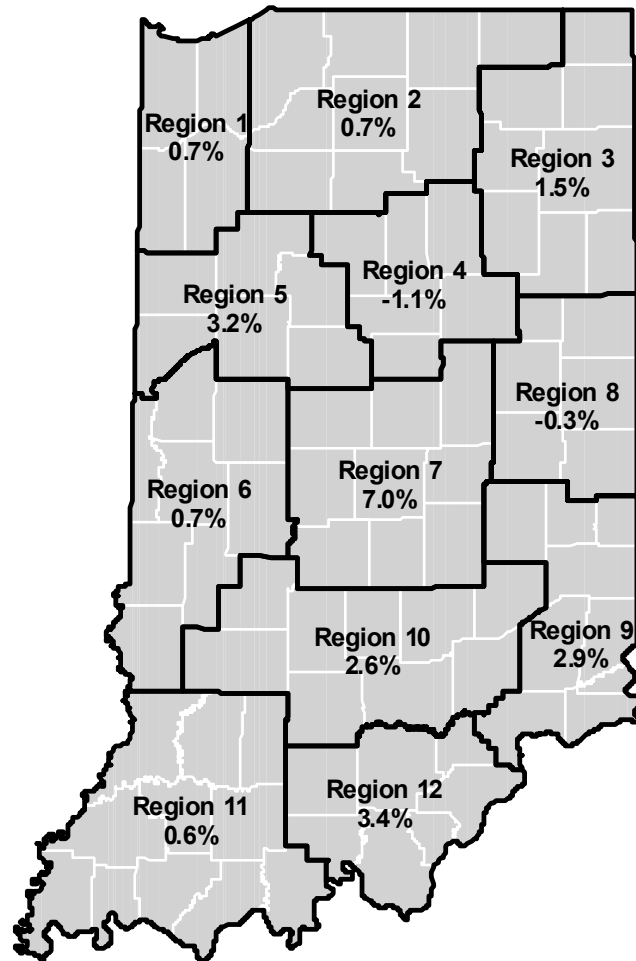
Population growth in non-MSA counties is expected to be slower than growth for the State. Total population in non-MSA counties is projected to increase about 0.17 percent per year from 2000 to 2010, to reach 1.7 million persons by 2010. Given these trends, the percentage of the State's population residing in non-MSA counties is expected to decline from 27.8 percent in 2000 to 26.8 percent in 2010.

Commerce Region 7, which includes the City of Indianapolis, is predicted to have the highest growth through 2005, from a 7 percent increase. Including Commerce Region 7, Commerce Regions 5, 9, and 12 are projected to have a growth rate higher than the State average. The following exhibit shows the forecasted population percent change for the Commerce Regions from 2000 to 2005.

**Exhibit II-32.  
Forecasted Population  
Percent Change for  
Indiana Commerce  
Regions, 2000 to 2005**

Source:

Indiana Business Research Center and BBC  
Research & Consulting.



**Population characteristics.** According to Indiana Business Research Center forecasts, the median age in the State is projected to be 36.7 years in the year 2010, compared with 36 years<sup>4</sup> in 2002. During the next five to ten years, the cohort of persons 65 years of age or older is projected to grow quickly relative to other age groups. Population groups between 45 and 64 years old also will gain significantly over other groups. Declines in population are projected for the population between 25 and 44 years old.

According to commercial data forecasts, racial and ethnic diversity in the State is expected to increase slightly during the next five to ten years. Minority populations are projected to make up 11 percent of the State's population by 2010, compared to 10 percent in 2000 and 2005.

The forecasts also predict that the percentage of households that consist of married couples (with and without children) will stay about the same during the next five to ten years. Households made up of single males and females are projected to be the fastest growing household type. Female-headed households are expected to continue to be the majority of single parent households.

<sup>4</sup> U.S. Census Bureau, 2002 American Community Survey.

**Income and employment.** The State's employment growth during the next five and ten years will depend on a number of factors, including the condition of the national economy and the State's ability to deflect recessionary pressures. In terms of job losses, Indiana has been hit harder by the recent recession than most States in the U.S. overall. From Indiana's May 2000 peak at 3,014,400, total employment in Indiana has fallen by 5.1 percent (154,600 jobs) to 2,859,800 in September 2003, compared to the U.S. job decline during the same period of only 1.4 percent.<sup>5</sup> This places Indiana near the bottom of the nations in job growth during the past two and a half years. The Indiana Business Research Center predicts Indiana employment to see a modest upturn of approximately 1 percent, 28,000 jobs, before 2004 is completed.

A recent article reported that Indiana had lost 68,946 jobs from 2001 to 2003, but had gained 1,393 business establishments.<sup>6</sup> It is suggested the advanced manufacturing, the integration of automated processes and the resulting gains in productivity with a smaller workforce have caused the number of jobs to decrease while the number of establishments rise. The average weekly wage also went up by \$18 during those two years.

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<sup>5</sup> Conover and Smith. "Indiana" Indiana Business Review: Outlook 2004. Vol. 78, No. 4.

<sup>6</sup> Rogers. "Counts of Establishment Up, Jobs Down." INCONTEXT. November/December 2003.